



FINANCIAL INSTITUTIONS TODAY

News and topics of interest to financial institutions regulated by the Department of Banking and Finance

Monthly Bulletin #4

April 2011

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Board of Directors: The Essential Roles of Governance and Oversight *(part 1 of a series)*

"Leadership and learning are indispensable to each other." John F. Kennedy

This quote by former President Kennedy addresses one of the essential elements of effective leadership: knowledge. In the context of leading a financial institution, not only are its leaders expected to establish tone at the top of the organization for high ethical standards and embody commitment to the service of communities and membership, but board members must fulfill the essential role of establishing a safe and sound governance framework and providing active oversight to their bank or credit union. While it is not the board of directors' role to run day-to-day operations of an institution, the board does:

1. Appoint the chief executive officer (CEO);
2. Establish strategic direction for the financial institution;
3. Develop compensation packages that align the CEO's goals to that strategy; and
4. Establish policies and the control framework within which management operates.

In carrying out its governance and oversight roles, the board of directors serves as an indispensable check and balance without which our financial system as currently designed could not operate in a safe and sound manner. To be effective leaders, board members must not only develop a full understanding of their governance and oversight roles, but they must have a basic understanding of what the bank or credit union does, what risks it faces, and how those risks are measured, monitored, and controlled. To understand their governance and oversight roles, new board members should undergo initial orientation training at the time that they are elected to the board. As the financial services industry and financial products evolve and become increasingly complex, maintaining a basic understanding of the activities, products, and services offered by a bank or credit union requires ongoing training throughout a board member's term of service.

Return to a healthy, stable financial services industry in Georgia, essential to economic recovery and long-term prosperity, will require leadership from informed and engaged boards of directors that understand and practice the principle set forth by former President Kennedy: "Leadership and learning are indispensable to each other."

FASB Issues Accounting Standards Update on Troubled Debt Restructuring

On April 5, 2011, the Financial Accounting Standards Board (FASB) issued an update to financial reporting intended to improve the consistency in the way Generally Accepted Accounting Principles (GAAP) are applied to various types of debt restructurings. Accounting Standards Update (Update) No. 2011-02 clarifies which loan modifications constitute troubled debt restructurings.

The Update is intended to assist creditors in determining whether a modification of the terms of a receivable meets the criteria to be considered a troubled debt restructuring, both for purposes of recording an impairment loss and for disclosure of troubled debt restructurings.

For public entities, the new guidance becomes effective for interim and annual periods beginning June 15th of this year and applies retrospectively to restructurings occurring on or after the beginning of the fiscal year of adoption. For nonpublic organizations, the update is effective for annual periods ending December 15, 2012, including interim periods within that annual period.

FASB Updates are available on the FASB website at: <http://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176156316498>



HOLIDAY OBSERVANCE—OFFICE CLOSING

This is a reminder that the Department will be closed on **Monday, May 30th** for the Memorial Day holiday.

DBF Outreach AND UPCOMING SPEAKING ENGAGEMENTS

- ❖ Commissioner Braswell spoke at the [GCUA Annual Convention](#) on **May 5th** at the Westin Hotel in Savannah. He will also be speaking on **May 25th** to the Marietta Rotary Club at the Marietta City Club in Marietta.
- ❖ Senior Deputy Commissioner Steve Pleger participated at the CBA Regulation & Taxation Committee meeting at CBA Headquarters in Atlanta on Thursday, **May 5th**. Steve will also be speaking at the GBA Community Bankers meeting at GBA Headquarters in Atlanta on Wednesday, **May 25th**.
- ❖ Supervisory Manager Mike Killeen assisted at the Georgia Bankers Association school held on the campus of the University of Georgia in Athens on **May 2nd - May 6th**. He served the role of "Bank Examiner" for students as they participated in a bank simulation. On **May 4th**, Mike led a 2-hour session on CAMELS ratings and Administrative Actions for the Southern Operations Technology School. In addition, District Director Heather Sartain participated in a panel discussion concerning commercial loans on **May 2nd**.

Action on Applications for the Month of April:

The following is a summary of official action taken on applications by State Financial Institutions under Chapter 7-1 of the Code of Georgia and petitions for Certificate of Incorporation of Financial Institutions and other matters of interest during the month of April 2011.

APPLICATIONS TO ESTABLISH A BRANCH OFFICE

<u>FINANCIAL INSTITUTION</u>	<u>BRANCH OFFICE</u>	<u>APPROVAL</u>	<u>BEGIN BUSINESS</u>
Community & Southern Bank Carrollton	Marietta Branch Office 270 Cobb Parkway, Suite 170 Atlanta, GA 30060 Cobb County	03-28-2011	04-26-2011
Synovus Bank Columbus	St. Marys Branch Office 6308 Georgia Highway 40 East St. Marys, GA 31558 Camden County	04-08-2011	
American Pride Bank Macon	North Macon Branch Office 4511 Forsyth Road Macon, GA 31210 Bibb County	Pending	
Southwest Georgia Bank Moultrie	Baytree Road Branch Office 1404 Baytree Road Valdosta, GA 31602 Lowndes County	04-01-2011	
Fidelity Bank Norcross	McDonough Branch Office 1375 Highway 20 West McDonough, GA 30253 Henry County	04-06-2011	

FINANCIAL INSTITUTION MERGERS

<u>FINANCIAL INSTITUTION (SURVIVOR)</u>	<u>MERGED INSTITUTION</u>	<u>APPROVAL</u>	<u>EFFECTIVE</u>
M E A Federal Credit Union Columbus, GA	Valdosta Educators Credit Union Valdosta, GA	11-17-2010	04-01-2011
Georgia United Credit Union Duluth, GA	State Employees' Credit Union Atlanta, GA	01-19-2011	04-30-2011
The Farmers Bank Forsyth, GA	The Bank of Perry Perry, GA	Pending	
The Farmers Bank Forsyth, GA	The Peoples Bank Covington, GA	Pending	
The Farmers Bank Forsyth, GA	Spivey State Bank Swainsboro, GA	Pending	

CHECK CASHER LICENSES ISSUED

<u>CITY</u>	<u>APPLICANT NAME</u>	<u>TRADE NAME</u>
Norcross	A&A Quick Services, LLC	On Time Check Cashing
Moultrie	* Avilo C. Pereira	Danfair Express Mart
Rockmart	Brock Petroleum Corporation	Raceway 6854
Vidalia	Cash City, Inc.	
Lawrenceville	Estaq Hossain	Fast Check Cashing
Griffin	* JB Power Enterprise, LLC	Power's Beverage Outlet
McRae	* Joitiba, Inc.	Xpress Stop
Locust Grove	Perfect Partners Investment, LLC	Chevron Locust Grove
Stone Mountain	The Second Time, Inc.	C & D Package
Forest Park	Veronica's Document Services and Translation Solutions, LLC	Veronica's Solutions

* =Registered (O.C.G.A. 7-1-700 et al)

MONEY TRANSMITTER LICENSES ISSUED**MONEY TRANSMITTER**

GAMDIRECT LLC
Lynnwood, WA

APPROVAL

04-01-2011

CUSTOMER SERVICE STARS FOR THE MONTH OF APRIL

It is the Department's goal to provide excellent customer service by meeting and exceeding the expectations of our customers. Along those lines, we would like to recognize the following individuals and/or teams for going above and beyond in serving our customers:

Supervisory Manager Laura Millen, Supervisory Manager Mike Killeen, District Director Gary Ford and Senior Financial Examiner Mark Smith – The Department received comments from several different customers regarding the service they received from Supervisory Division staff stating: “Great responsiveness from Laura Millen.” and “Mike Killeen is a very strong asset of the department.” and “Kudos especially to Commissioner Braswell, Gary Ford, Mark Smith and Laura Millen. These are consummate professionals with whom its been my pleasure to work through the years. I find the DBF to be cooperative and helpful at a time when arrogance and confrontation could be the hallmark.”

District Director Melissa Sneed, Supervisory Examiner Rich Parker, and Financial Examiner Ryan Baker (District I) – The Department received comments from a customer stating: “I wanted to acknowledge how much I appreciate how quickly you completed and provided your findings. ... your timeliness in putting your recommendations in writing will allow us to implement improvements to our bank that much sooner. ... We have never experienced the prompt turnaround time that you were able to deliver our written report.”

Supervisory Managers Janet Anderson and Larry Shelley as well as the Mortgage Licensing staff – The Department received comments from several customers stating: “We have always received outstanding, personalized service whenever dealing with Janet Anderson and her staff.” and “Ms. Janet Anderson and Mr. Larry Shelley are always polite, responsive and knowledgeable and willing to help when I have a question.” and “Each time I have called or emailed, each of the staff I have had communication with have always been very helpful, congenial and patient. This past year has been very trying on everyone involved; the staff in the Mortgage Licensing Division has gone the extra mile to make this transition as easy as possible.”

**CONGRATULATIONS AND GREAT JOB TO THIS MONTH'S
CUSTOMER SERVICE STARS!!**



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The Department is the state agency that regulates and examines banks, credit unions, and trust companies chartered by the State of Georgia. The Department also has regulatory and/or licensing authority over mortgage brokers/processors, lenders and loan originators, money service businesses, international banking organizations, and bank holding companies conducting business in Georgia.

Our **Mission** is to promote safe, sound, competitive financial services in Georgia through innovative, responsive regulation and supervision.

Our **Vision** is to be the best financial services industry regulator in the country – Progressive. Proactive. Service-Oriented.

Our Motto is: "Safeguarding Georgia's Financial Services"

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